

00/069.03



MUNICIPAL AFFAIRS

FINANCIAL STATEMENT

For the Fiscal Year Ended December 31, 1985

MUNICIPALITY **TOWN OF LACOMBE**

ALBERTA MUNICIPAL FINANCIAL STATEMENTS TABLE OF CONTENTS.

	Page
COVER SHEET	i
TABLE OF CONTENTS	ii

STATEMENTS:

1 AUDITOR'S REPORT	1
2 CONSOLIDATED BALANCE SHEET	2
3 COMBINED OPERATING REVENUES AND EXPENDITURES	3
4 COMBINED CAPITAL FINANCING ACQUIRED AND APPLIED	4
5 TAXES LEVIED AND GRANTS-IN-LIEU	5
6 DETAILED BREAKDOWN OF SPECIAL MUNICIPAL LEVIES	5
7 CONSOLIDATED STATEMENT OF SURPLUS (DEFICIT)	6
8 CONSOLIDATED STATEMENT OF EQUITY IN FIXED ASSETS	7
9 NOTES TO FINANCIAL STATEMENTS	7

SUPPORTING SCHEDULES AND MUNICIPAL TREASURER'S REPORT:

1 COMPARATIVE ACCOUNTS RECEIVABLE FOR OPERATIONS AND CAPITAL	8
2 COMPARATIVE ACCOUNTS PAYABLE FOR OPERATIONS AND CAPITAL	8
3 COMPARATIVE INVENTORIES FOR OPERATIONS	9
4 COMPARATIVE INVESTMENTS FOR OPERATIONS AND CAPITAL	9
5 INVESTMENTS BY TYPE HELD	9
6 ENGINEERING STRUCTURES FIXED ASSETS	10
7 BUILDING FIXED ASSETS	11
8 MACHINERY, EQUIPMENT FIXED ASSETS	12
9 LAND FOR GOVERNMENT USE	13
10 VEHICLES FIXED ASSETS	14
11 DEBENTURES, BONDS AND MORTGAGE ISSUES	15
12 ANALYSIS OF DEBENTURE DEBT	16
13 FUTURE DEBENTURE DEBT CHARGES BY YEARS	16
14 LONG-TERM CAPITAL BORROWING AND CAPITALIZED LEASES	17
15 LONG-TERM BORROWING FOR OPERATIONS	18
16 STATEMENT OF TRUST LIABILITIES	19
17 METER RENTALS AND ANY DEPOSIT LIABILITIES	19
18 PREPAID LOCAL IMPROVEMENTS AND OTHER LIABILITIES	19
19 OPERATING FUNCTIONS COMPARATIVE ALLOWANCES AND RESERVES	20
20 CAPITAL FUNCTIONS COMPARATIVE ALLOWANCES AND RESERVES	21
21 OPERATING FUNCTIONS REVENUES BY TYPE AND EXPENDITURES BY OBJECT (Shown as 22.1 to 22.7 for required pages)	22.1
22 TOTAL OPERATING FUNCTIONS REVENUES BY TYPE AND EXPENDITURES BY OBJECT	23
23 CAPITAL FUNCTIONS FINANCES ACQUIRED AND FINANCES APPLIED (Shown as 24.1 to 24.7 for required pages)	24.1
24 TOTAL CAPITAL FUNCTIONS FINANCES ACQUIRED AND FINANCES APPLIED	25
25 STATEMENT OF UNEXPENDED/OVEREXPENDED CAPITAL FUNDS	26
26 FINAL REPORT ON ASSESSMENTS AND VALUATIONS FOR YEAR	27
27 SUMMARY TABLE OF COMPARATIVE MILL RATES	28
28 PAYMENT TO COUNCILLORS FOR MUNICIPAL PURPOSES	29
29 SUMMARY MUNICIPAL STATISTICS	29
30 MUNICIPAL TREASURER'S CERTIFICATE	29

TOWN OF LACOMBE

MUNICIPALITY

AUDITOR'S REPORT

The Mayor or Reeve and Council of:

Town of Lacombe

We have examined the Consolidated Balance Sheet of Town of Lacombe as at December 31, 1985 and the related statements of Combined Operating Revenues and Expenditures, Combined Capital Financing Acquired and Applied, Taxes Levied and Grants-in-Lieu, Consolidated Statement of Surplus (Deficit) and Consolidated Statement of Equity in Fixed Assets and the schedules supporting these statements for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the municipality as at December 31, 1985 and the results of its operations and changes in capital financing for the year then ended in accordance with the disclosed basis of accounting described in Note 1 (page 7) applied on a basis consistent with that of the preceding year.

Dated at Lacombe, Alberta this 10th day of February 19 86

Signed *Pallister Cookson Carr & Campbell* Firm Pallister Cookson Carr & Campbell, C.A.

Address Box 69, Lacombe, Alberta Telephone: 782-3361

Postal Code T0C 1S0

SPECIAL REPORT
QUALIFICATIONS



TOWN OF LACOMBE

MUNICIPALITY

CONSOLIDATED BALANCE SHEET

As At December 31st, 1985

YEAR 85



FS2

CONSOLIDATED ASSETS		1 PRECEDING YEAR 1984	2 CURRENT YEAR 1985
110 Cash on Hand	1	300	300
121 Cash in Chartered Banks	2		
122 Cash in Near Banks and other Financial Institutions	3	358,478	
100 TOTAL CASH ON HAND AND ON DEPOSIT	4	358,778	300
210 Taxes and Grants-in-Lieu Receivable	5	484,985	388,943
2X0 Receivable from Other Governments	6	548,077	7,580
270 Trade Accounts Receivable	7	122,615	158,083
290 All Other Receivables	8	140,568	131,013
200 TOTAL ACCOUNTS RECEIVABLE (PR1-24)	9	1,276,247	685,609
300 TOTAL INVESTMENTS, LOANS AND ADVANCES (PR4-21)	10	500,030	1,840,030
477 Trust Accounts Administered (Total)	11		
490 Other Assets (Specify Capital = \$)	12		31,676
400 TOTAL OTHER ASSETS	13		31,676
570 Land Held for Resale (PR3-11)	14	408,531	408,531
590 Other Inventories (Tangible Assets)	15		18,000
500 TOTAL INVENTORIES (TANGIBLE ASSETS) (PR3-22)	16	408,531	426,531
610 ENGINEERING STRUCTURES FIXED ASSETS (PR6-53)	17	13,886,689	14,021,718
620 BUILDING FIXED ASSETS (PR7-53)	18	2,403,187	2,593,815
630 MACHINERY, EQUIPMENT FIXED ASSETS (PR8-53)	19	1,205,385	1,316,299
640 LAND FOR OWN GOVERNMENT USES (PR9-53)	20	684,512	684,512
650 VEHICLES FIXED ASSETS (PR10-53)	21	367,582	373,650
600 TOTAL FIXED ASSETS	22	18,547,315	18,989,994
800 DEBT CHARGES RECOVERABLE	23		
900 NET ACCUMULATED DEFICITS (PR20-99-5)	24		
TOTAL CONSOLIDATED ASSETS	25	21,098,901	21,954,140
CONSOLIDATED LIABILITIES		PRECEDING YEAR 1984	CURRENT YEAR 1985
100 TOTAL SHORT-TERM LOANS AND OVERDRAFTS	26		85,264
2X0 Payable to Other Governments	27		
270 Trade Accounts Payable	28	133,206	118,638
290 All Other Payables	29	28,250	27,500
200 TOTAL ACCOUNTS PAYABLE (PR2-21)	30	161,506	146,138
310 Debenture, Bond and Mortgage Debts (PR11-53)	31	4,879,487	4,347,289
322 Long-Term Capital Borrowing and Capitalized Leases (PR12-53)	32		
323 Operations Long-Term Borrowing (PR13-51)	33		
300 TOTAL LONG-TERM DEBT OBLIGATIONS	34	4,879,487	4,347,289
47X Meter Rentals and Any Deposit Liabilities (PR19-4)	35	17,629	18,151
477 Administered Trust Liabilities (Total) (PR14-4)	36		
490 Other Liabilities (Specify Capital = \$) (PR19-14)	37	27,918	28,351
400 TOTAL OTHER LIABILITIES	38	45,547	46,502
6XX TOTAL ALLOWANCES FOR OPERATING FUNCTIONS (PR17-53)	39	385	385
68X TOTAL CAPITAL ASSET VALUATION ALLOWANCES (PR18-53)	40		
7XX TOTAL RESERVES FOR OPERATING FUNCTIONS (PR17-53)	41	627,748	77,580
78X TOTAL RESERVES FOR CAPITAL (PR18-53)	42	1,049,677	1,455,389
800 TOTAL EQUITY IN FIXED ASSETS (PR7-14)	43	13,922,741	15,080,382
900 NET ACCUMULATED SURPLUS (PR20-99-12)	44	611,810	715,241
TOTAL CONSOLIDATED LIABILITIES	45	21,098,901	21,954,140

TOWN OF LACOMBE

MUNICIPALITY

COMBINED OPERATING REVENUES AND EXPENDITURES
By Function for the Year Ended December 31, 1985

FS3

FUNCTION DESCRIPTIONS	1 OPERATING REVENUES (PR19 1B)	2 OPERATING EXPENDITURES (PR19 3B)	3 NET COST OF OPERATIONS (PR19 3B)	4 NET GAIN FROM OPERATIONS (PR19 37)
11 Council and Other Legislative		60,730	60,730	
12 General Administration and Other	97,622	316,337	218,715	
21 Police Department and Services Used	172,542	448,398	273,844	
23 Fire Fighting and Preventive Service	19,816	91,173	71,357	
24 Disaster Service and Emergency Measures	1,001	1,024	23	
25 Ambulance Services and First Aid	20,802	35,156	14,357	
26 By-Laws Enforcement and Other	8,797	32,917	24,120	
31 Common Services and/or Equipment Pool				
32 Roads, Streets, Walks, Lighting	113,126	797,820	684,694	
33 Airport Services	3,610	5,464	1,854	
34 Public Transit Systems				
37 Storm Sewers and Drainage	10,115	58,856	48,743	
41 Water Supply and Distribution System	789,392	778,939		10,453
42 Sanitary Sewage Service and Treatment	193,095	194,374	1,279	
43 Garbage Collection & Disposal		90,832	90,832	
51 Family and Community Support Services	150,800	184,573	33,773	
52 Day Care				
53 Other Public Health	43,218			43,218
56 Cemeteries and Crematoriums	13,199	5,074		8,125
61 Municipal Planning, Zoning & Development	166,097	166,097		
62 Community and/or Agricultural Services				
66 Subdivision Land and Developments	360,948	439,176	78,228	
67 Public Housing Operations		2,072	2,072	
69 Land/Housing/Building Rentals and Other	48,786	42		48,728
71 Recreation Board and Other Services	5,003	82,835	77,832	
72 Recreation/Parks Facilities and Programs	371,648	584,965	213,237	
74 Culture: Community Hall, Library, Museum, etc.	47,827	105,467	57,640	
76 Convention Centre				
91 Gas Production and Distribution				
92 Electrical Production and Distribution				
93 Telephone System				
97 Operating Contingencies Reserve	908	50,000	49,092	
TOTAL FUNCTIONALIZED OPERATIONS	2,638,334	4,530,264	2,002,452	110,522
GENERAL MUNICIPAL REVENUES:				
100/200 Net Taxes for General Purposes - #94-39	1,368,678			1,368,678
510 Penalties and Costs on Taxes	97,126			97,126
540 Revenues from Franchise & Concession Contracts	63,861			63,861
560 Returns on Investments—Interest/Dividends/etc.	166,710			166,710
590 Other Revenues from Own Sources				
730 Federal Govt. & Agencies Unconditional Grants	1,360			1,360
740 Provincial Govt. & Agencies Unconditional Grants	245,926			245,926
760 Local Governments Unconditional Grants				
990 Other				
TOTAL GENERAL MUNICIPAL REVENUES	1,963,661			1,963,661
TOTAL MUNICIPAL OPERATING FUNCTIONS	4,600,895	4,530,264	2,002,452	2,073,183
NET SURPLUS OR DEFICIT FOR YEAR				70,731
96 County School Functions				
GRAND TOTAL OPERATING FUNCTIONS SURPLUS/DEFICIT	4,600,895	4,530,264		70,731

TOWN OF LACOMBE

MUNICIPALITY

COMBINED CAPITAL FINANCING ACQUIRED AND APPLIED
By Function for the Year Ended December 31, 1985

FS 4

FUNCTION DESCRIPTIONS	1 PLANNED CAPITAL ACQUIRED ** PAGE 16	2 OVERSPPEND INVEST AT YEAR END PAGE 14	3 CAPITAL PLANS APPLIED ** PAGE 11	4 UNSPENDED PLANS AT YEAR END PAGE 12
11 Council and Other Legislative				
12 General Administration and Other	2,901		2,901	
21 Police Department and Services Used	31,331	8,243	39,574	
23 Fire Fighting and Preventive Service	17,877		17,877	
24 Disaster Service and Emergency Measures				
25 Ambulance Services and First Aid				
26 By-Laws Enforcement and Other				
31 Common Services and/or Equipment Pool				
32 Roads, Streets, Walks, Lighting	405,892		98,711	308,861
33 Airport Services				
34 Public Transit Systems				
37 Storm Sewers and Drainage				
41 Water Supply and Distribution System	93,171		90,414	2,757
42 Sanitary Sewage Service and Treatment	108,618	4,485	111,083	
43 Garbage Collection & Disposal	10,000		10,000	
51 Family and Community Support Services				
52 Day Care				
53 Other Public Health				
56 Cemeteries and Crematoriums				
61 Municipal Planning, Zoning & Development	163,054		163,054	
62 Community and/or Agricultural Services				
66 Subdivision Land and Developments	337,713	219,068	556,771	
67 Public Housing Operations				
69 Land/Housing/Building Rentals and Other	193,554		193,554	
71 Recreation Board and Other Services				
72 Recreation/Parks Facilities and Programs	293,078	22,000	315,078	
74 Culture, Community Hall, Library, Museum, etc	234,895	28,854	263,749	
75 Convention Centre				
81 Gas Production and Distribution				
92 Electrical Production and Distribution				
93 Telephone System				
97 General Capital Reserves	332,639		332,639	
TOTAL MUNICIPAL CAPITAL FUNCTIONS	2,222,321	282,630	2,193,203	311,728
96 County School Functions				
GRAND TOTAL CAPITAL FUNCTIONS	2,222,321	(17) 282,630	2,193,203	(21) 311,728

(1) Amount to be entered for deletion from equity as Overexpenditures in the 'Consolidated Statement of Equity' on page 7.

(2) Amount to be entered for addition to equity as Unexpended Balances in the 'Consolidated Statement of Equity' on page 7.

* Includes prior year's Unexpended Funds.

** Includes prior year's Overexpenditure.

MUNICIPALITY

TAXES LEVIED AND GRANTS-IN-LIEU

For Preceding Year and Current Year Ended December 31, 1985

F	S	5	
---	---	---	--

ITEM DESCRIPTIONS		PRECEDING YEAR AMOUNT	CURRENT YEAR AMOUNT
LEVIES FOR REVENUE:			
111 Residential Taxes	37	1,462,333	1,462,333
112 Commercial Taxes	36	366,701	376,659
113 Industrial Taxes	39	141,463	139,656
114 Farmland Taxes	40	8,539	8,539
110 SUB-TOTAL FOR REAL PROPERTY TAXES	1	2,028,075	1,987,047
120 Special Assessments and Local Improvements	(PS-32)	89,939	74,095
130 Mobile Home License Fees Collected	3	17,665	17,605
170 Business Taxes	4		300
190 Power, Pipe, Cable T.V. and Other Taxes	5	53,457	63,563
230 Federal Grants-in-Lieu of Taxes	6	8,948	8,751
240 Provincial Grants-in-Lieu of Taxes	7	101,645	123,728
250 Other Local Government Grants-in-Lieu	8		
270 Other Grants-in-Lieu of Taxes	9		
100/200 TOTAL TAXES AND GRANTS IN LIEU	10	2,289,759	2,275,474
EXPENDED BY TRANSFERS:			
74X Provincial Planning Fund Requisition	11	20,400	18,065
74X School Foundation Program Requisition(s) Total	12	137,043	136,485
SUPPLEMENTARY SCHOOL REQUISITIONS:			
75X County of Lacombe	S.D. No. 14	670,958	633,831
75X	S.D. No. 14		
75X	S.D. No. 14		
75X	S.D. No. 16		
75X	S.D. No. 17		
75X	S.D. No. 18		
75X	S.D. No. 19		
75X	S.D. No. 19		
75X	S.D. No. 20		
OTHER REQUISITIONS:			
75X Lacombe Community Health Center	H.D. No.	24,148	17,404
75X	H.D. No.		
75X	H.D. No.		
75X Nursing Home			
75X Auxiliary Hospital			
75X Lacombe Foundation	Seniors Foundation	25,233	6,338
75X	Seniors Foundation		
75X	Seniors Foundation		
75X	Seniors Foundation		
740/750 SUB-TOTAL FOR REQUISITION TRANSFERS	31	872,381	812,701
BALANCE OF LEVIES FOR MUNICIPAL PURPOSES		1,417,378	1,462,773
ALLOCATED AS SPECIAL MUNICIPAL LEVIES:			
120 Special Assessments and Local Improvements	(PW10-1, PW20-2)	89,939	74,095
130/230 Special Levies for Operations	(PW10-1)		
130/230 Levies for Capital Projects and Special Reserve	(PW20-2)		
100/200 SUB-TOTAL SPECIAL MUNICIPAL LEVIES	30	89,939	74,095
100/200 NET TAXES FOR GENERAL MUNICIPAL PURPOSES (1)	(PS-62)	1,327,439	1,388,678

(1) The 'Net Taxes for General Municipal Purposes' must be the same as the amount on page 3.

DETAILED BREAKDOWN OF SPECIAL MUNICIPAL LEVIES

F S S A

SPECIAL ASSESSMENTS AND LOCAL IMPROVEMENTS (LINE 30)		SPECIAL LEVIES FOR OPERATIONS (LINE 30)		LEVIES FOR CAPITAL PROJECTS AND SPECIAL RESERVES (LINE 34)	
FUNCTION	AMOUNT	FUNCTION	AMOUNT	FUNCTION	AMOUNT
Grade (32)	74,085				
	74,085				

TOWN OF LACOMB

MUNICIPALITY
CONSOLIDATED STATEMENT OF SURPLUS (DEFICIT)
 As at the Year Ended December 31, 1985

FS6

FUNCTION DESCRIPTIONS		AIRPORT SERVICES (33)		PUBLIC TRANSIT SYSTEMS (34)	
ITEM DESCRIPTIONS		DEFICIT	SURPLUS	DEFICIT	SURPLUS
- Preceding Year Balance	1				
- Adjustments to Prior Years	2				
- Current Year Operations (from page 3)	3				
- Transfers to and from Other Functions	4	1,884			
- SUB-TOTAL	5		1,884		
- Balance at Year End	6	1,884	1,884		
FUNCTION DESCRIPTIONS		STORM SEWERS AND DRAINAGE SYSTEMS (37)		WATER SUPPLY AND DISTRIBUTION SYSTEMS (41)	
ITEM DESCRIPTIONS		DEFICIT	SURPLUS	DEFICIT	SURPLUS
- Preceding Year Balance	1				
- Adjustments to Prior Years	2				98,151
- Current Year Operations (from page 3)	3	48,743			10,453
- Transfers to and from Other Functions	4		48,743		
- SUB-TOTAL	5	48,743	48,743		98,604
- Balance at Year End	6				98,604
FUNCTION DESCRIPTIONS		SANITARY SEWAGE SERVICE AND TREATMENT (42)		GARBAGE COLLECTION AND DISPOSAL SYSTEMS (43)	
ITEM DESCRIPTIONS		DEFICIT	SURPLUS	DEFICIT	SURPLUS
- Preceding Year Balance	1	356,543		375,587	
- Adjustments to Prior Years	2				
- Current Year Operations (from page 3)	3	1,279		90,833	
- Transfers to and from Other Functions	4				
- SUB-TOTAL	5	357,822		466,420	
- Balance at Year End	6	356,822		466,389	
FUNCTION DESCRIPTIONS		SUBDIVISION LAND AND DEVELOPMENTS (65)		GAS PRODUCTION AND DISTRIBUTION SYSTEMS (91)	
ITEM DESCRIPTIONS		DEFICIT	SURPLUS	DEFICIT	SURPLUS
- Preceding Year Balance	1	726			
- Adjustments to Prior Years	2				
- Current Year Operations (from page 3)	3	78,228			
- Transfers to and from Other Functions	4				
- SUB-TOTAL	5	78,954			
- Balance at Year End	6	78,954			
FUNCTION DESCRIPTIONS		ELECTRICAL PRODUCTION AND DISTRIBUTION SYSTEMS (92)		TELEPHONE SYSTEM (EDMONTON ONLY) (93)	
ITEM DESCRIPTIONS		DEFICIT	SURPLUS	DEFICIT	SURPLUS
- Preceding Year Balance	1				
- Adjustments to Prior Years	2				
- Current Year Operations (from page 3)	3				
- Transfers to and from Other Functions	4				
- SUB-TOTAL	5				
- Balance at Year End	6				
FUNCTION DESCRIPTIONS				COUNTY SCHOOL (98)	
ITEM DESCRIPTIONS		DEFICIT	SURPLUS	DEFICIT	SURPLUS
- Preceding Year Balance	1				
- Adjustments to Prior Years	2				
- Current Year Operations (from page 3)	3				
- Transfers to and from Other Functions	4				
- SUB-TOTAL	5				
- Balance at Year End	6				
FUNCTION DESCRIPTIONS		ALL OTHER OPERATIONS DEFICIT/SURPLUS (99)		TOTAL NET ACCUMULATED DEFICIT/SURPLUS (TO PAGE)	
ITEM DESCRIPTIONS		DEFICIT	SURPLUS	DEFICIT	SURPLUS
- Preceding Year Balance	1		1,286,486		718,241
- Adjustments to Prior Years	2		32,700		
- Current Year Operations (from page 3)	3	1,781,438	2,082,730		
- Transfers to and from Other Functions	4	80,627			
- SUB-TOTAL	5	1,862,113	2,390,605		
- Balance at Year End	6		1,528,412		

Any adjustments to prior years entered on Lines 2 or 6 of any function must be fully explained in the notes to the financial statements on Page 7.

TOWN OF LACOMBE

MUNICIPALITY

FS7

CONSOLIDATED STATEMENT OF EQUITY IN FIXED ASSETS TO DECEMBER 31, 1985

ITEM DESCRIPTIONS	1	DELETE FROM EQUITY	2	ADD TO EQUITY	3	BALANCE OF EQUITY
PRECEDING YEAR BALANCE OF EQUITY	1			353,616		13,923,741
CHANGES DURING THE YEAR:						
310 Debentures, Bonds and Mortgages PR11-53	2			332,198		
320 Long-Term Debt and Capitalized Leases PR12-53	3					
490 Other Assets and/or Liabilities (1)	4					
610 Engineering Structures Fixed Assets PR6-53	5			135,049		
620 Buildings Fixed Assets PR7-53	6	120,656		311,304		
630 Machinery, Equipment, Fixed Assets PR8-53	7			110,914		
640 Land for Own Government Use PR9-53	8					
650 Vehicle Fixed Assets PR10-53	9	7,548		13,616		
66X Fixed Assets Valuation Allowances (or Depreciation) ¹⁰	10					
XXX Overexpenditures at Year End PR4-53	11	282,620				
XXX Unexpended Balance for Capital Projects PR4-53	12			311,738		
TOTAL CHANGES TO EQUITY THIS YEAR	13	410,834		1,214,819		
666 CLOSING BALANCE OF EQUITY IN FIXED ASSETS PR2-2-53	14					15,080,362

Line 1, Col. 1 - Prior year unexpended funds (PRIOR YR. PR4-4-53)

Line 1, Col. 2 - Prior year overexpenditures (PRIOR YR. PR4-2-53)

(1) Any entry on Line 4, Column 1 or 2, must be fully explained in the notes to the financial statements on Page 7.

NOTES TO FINANCIAL STATEMENTS

*(include relevant notes for accounting policies, procedures and principles; for any material adjustments or changes in financial position; and for any contingent liabilities or major new projects.)

*NOTE 1

SEE ATTACHED NOTES

TOWN OF LACOMBE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1985

1. ACCOUNTING POLICIES

a) General Accounting Principles and Practices

The Town organizes and operates its accounting system to segregate accounts and related transactions into functions which relate to the purpose for carrying on the specific activities. All operating and capital transactions are recorded in that function to which they apply.

b) Financial Statements

The financial statements are prepared in accordance with the format prescribed by Alberta Municipal Affairs.

c) Inventories

Alberta Municipal Affairs has no firm policy relative to the recording of inventories.

(i) Land Inventory

The Town owns certain lands which are or will be available for sale as residential or industrial lots. This inventory is valued at the lower of cost or net realizable value.

(ii) Gravel Inventory

In past years, the Town's accounting policy was to not record gravel inventory on their financial statements. As at December 31, 1985 the Town decided to reflect the amount of gravel inventory on hand (\$18,000) and an adjustment was made to prior years' surplus to reflect the amount of gravel inventory on hand as at December 31, 1984 (\$32,700). Gravel inventory is valued at the lower of cost or net realizable value.

TOWN OF LACOMB
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1984

- 2 -

d) Fixed Assets

The fixed assets are recorded at cost. Depreciation of fixed assets is not recorded in the accounts. Major capital additions and improvements are generally financed through the issuance of debentures, the term of the debenture is generally equal to the estimated useful life of the asset. The debenture interest and principal repayments are recorded as current expenditures when the amounts are paid. The corresponding debenture principal reduction is added to the Equity in Fixed Assets account on the Consolidated Balance Sheet. Capital additions are included in current year's expenditures and a corresponding amount added to Equity in Fixed Assets.

e) Accrued Interest On Debenture Debt

The Town uses a modified accrual basis of accounting in that full accrual accounting is used except in the case of interest on debenture debt which is expensed only as incurred.

f) Reserves For Future Expenditures

Various revenues received by the Town have been set aside in reserves for future expenditures in anticipation of growth of the community and the required infrastructure developments. These reserves will be brought back into income to help fund these future expenditures. Although these reserves are designated under the function that they are expected to be used, council has not committed any of the reserves as at December 31, 1985.

2. DEBENTURE DEBT

- a) Debentures outstanding at December 31, 1984 bear the following effective interest rates:

	\$
5 to 7%	18,095
7 to 9%	385,924
9%	820,188
11%	2,876,771
Over 11%	<u>236,311</u>
	<u>4,347,289</u>

TOWN OF LACOMBE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1984

- 3 -

Debenture principal and interest payable to maturity is as follows:

	Principal \$	Interest \$	Total \$
1986	327,714	580,098	907,810
1987	382,480	537,404	919,884
1988	401,724	489,539	891,263
1989	455,547	435,718	891,263
1990	441,111	374,554	815,665
1991 to maturity	<u>2,358,703</u>	<u>936,191</u>	<u>3,294,894</u>
	<u>4,347,289</u>	<u>3,332,500</u>	<u>7,679,789</u>